Dept. of City Planning &
Dept. of Public Works

CODE ENFORCEMENT FEASIBILITY STUDY
BERNAL HEIGHTS

CITY AND COUNTY OF SAN FRANCISCO - NOVEMBER 1968

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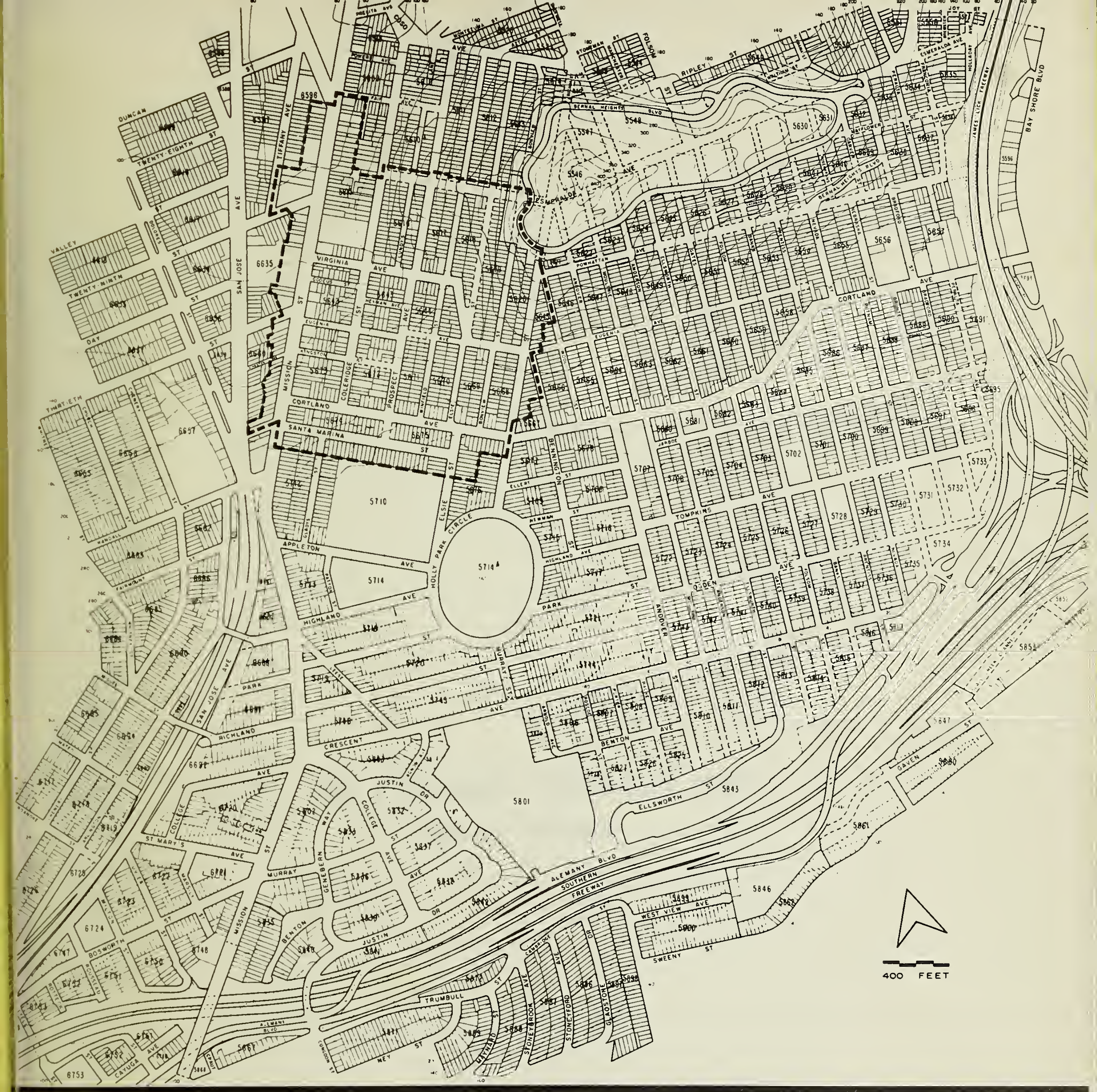

FEDERALLY-ASSISTED CODE ENFORCEMENT

BERNAL HEIGHTS CONSERVATION AREA

▬ ▬ ▬ CONSERVATION AREA BOUNDARY

RECOMMENDED BY
DIRECTOR OF PLANNING
DESIGNATED BY
CHIEF ADMINISTRATIVE OFFICER

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SAN FRANCISCO DEPARTMENT OF CITY PLANNING

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BERNAL HEIGHTS

Department of Public Works
City and County of San Francisco

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Code enforcement
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TABLE OF CONTENTS

PAGE NO.

List of tables....................................2

Introduction......................................3

Summary of Survey Findings........................5

I. The 1968 Bernal Heights Survey.................6

II. The Schaaf/Mosias Study......................12

III. Conclusions.................................15

List of Tables

Number Page

1. Summary - 1968 Bernal Heights Survey..............6
2. Code Repair Cost per Building - 1968 Bernal Heights Survey.........................7
3. Code Repair Cost per Unit - 1968 Bernal Heights Survey.........................7
4. Code Repair Cost per Room - 1968 Bernal Heights Survey.........................8
5. Code Violations Cited in the 1968 Bernal Heights Survey.........................10
6. Code Repair Cost per Unit - 1968 Bernal Heights Survey: Comparison Between Owner-Occupied and Income Property....................................11
7. Comparison of Schaaf/Mosias Study with Experience in Arguello Park F.A.C.E. Area, 1968 dollars..........................12
8. Comparison of Schaaf/Mosias Study with 1968 Bernal Heights Survey, 1968 dollars....14
9. Structural Composition of Surveyed Buildings...................................14

BERNAL HEIGHTS CODE ENFORCEMENT FEASIBILITY STUDY

INTRODUCTION

In May, 1968, the San Francisco Department of Public Works proposed that its Federally Assisted Code Enforcement (FACE) program be extended into three new neighborhoods. One of the proposed areas was in Bernal Heights, an older section with many run-down houses, small lots and narrow, winding streets.

Officials of Region VI of the Department of Housing Urban Development (HUD) had serious reservations about designation of Bernal Heights for code enforcement. Some thought the condition of the buildings was poor enough to render minimum code enforcement uneconomic; they suggested instead the broader public powers available under the Title I Urban Renewal Rehabilitation program. They also wondered if the Bernal Heights property owners would qualify for loans, and if their properties were overencumbered.

Two sources were used to answer the questions of HUD, and both are explained in this report. The first source was an extensive study made in 1960 by A. H. Schaaf, an economist from the University of California, and Leonard S. Mosias, an architect, specialist in rehabilitation. Mosias surveyed about 100 buildings in each of four San

Francisco neighborhoods and estimated both the cost of meeting minimum code requirements and of more complete rehabilitation. One of the neighborhoods investigated was Bernal Heights; thirty-two of the buildings surveyed were within the boundaries of the proposed FACE area, and the files on these thirty-two buildings were re-examined and analysed for this report. The other data source for determining the feasibility of FACE in Bernal Heights was a field inspection made of ten buildings in the proposed area by a team from HUD and the San Francisco Bureau of Building Inspection. The results of that survey, made in June, 1968, are also analysed and are compared with the findings of the earlier study.

SUMMARY OF SURVEY FINDINGS

1. The 1968 survey of ten buildings in Bernal Heights showed average code compliance costs of $4672 per building and $2748 per unit. One building had no code violations.

2. All interviewed owners appeared to qualify for FACE financial assistance. Eight would be eligible for loans, and one would probably be eligible for a combination loan, grant and mortgage refinancing.

3. FACE-initiated code enforcement appears to be feasible in all the ten surveyed buildings.

4. The most frequent code violations cited indicate that many houses in Bernal Heights have not been adequately maintained.

5. The cost of code-compliance was significantly higher for owner-occupied than for absentee-owned structures.

6. The 1960 Schaaf/Mosias report of "extended life" rehabilitation costs in the Richmond district corresponds closely with present experience in the Arguello Park FACE project.

7. The 1960 Schaaf/Mosias report estimates of "extended life" rehabilitation costs in Bernal Heights correspond closely with the estimates made in the 1968 survey in the same neighborhood.

I. THE 1968 BERNAL HEIGHTS SURVEY

When HUD officials questioned both the condition of buildings and the financial status of owners in Bernal Heights, they asked the San Francisco Bureau of Building Inspection to do a feasibility study, with complete inspections and financial interviews, for a sample of neighborhood buildings. The sample was chosen by HUD officials, who pointed out twenty-five structures they wished investigated. When the owners were telephoned, ten agreed to cooperate; Table I is a brief summary of the survey findings.

TABLE I
SUMMARY - 1968 BERNAL HEIGHTS SURVEY

Average repair cost per building	$4672
Average repair cost per unit	$2748
Average repair cost per room	$ 563
Owner-occupancy	40%
Average units per building	1.7
Average rooms per unit	4.9
Average replacement cost per building	$39,000

The following three tables provide a more detailed breakdown of the estimated costs of code compliance per structure, per unit and per room.

TABLE 2
CODE REPAIR COST PER BUILDING - 1968 BERNAL HEIGHTS SURVEY

$/Bldg.	#	%	Cumulative %
$ 0	1	10%	10%
$1-$3000	2	20%	30%
$3001-$5000	4	40%	70%
$5001-$8000	2	20%	90%
$8001-$11,000	0	0	90%
$11,000 +	1	10%	100%
	10	100%	

Average - $4672/Bldg.
Median - $3750/Bldg.
Range - $0 to $11,050/Bldg.

TABLE 3
CODE REPAIR COST PER UNIT - 1968 BERNAL HEIGHTS SURVEY

$/Unit	#	%	Cumulative %
0-500	1	6%	6%
501-1000	4	24%	30%
1001-1500	7	40%	70%
1501-2000	0	0	70%
2001-3000	0	0	70%
3001-6000	2	12%	82%
6001-9000	2	12%	94%
9001 +	1	6%	100%
	17	100%	

Average - $2748/Unit
Median - $1108/Unit
Range - $0 to $11,050/Unit

TABLE 4
CODE REPAIR COST PER ROOM - 1968 BERNAL HEIGHTS SURVEY

$/Room	#	%	Cumulative %
0-300	57	69%	69%
301-500	0	0	69%
501-1000	11	13%	82%
1001-1500	6	7%	89%
1501-2000	4	5%	94%
2001-3000	5	6%	100%
	83	100%	

Average - $563/Room
Median - $235/Room
Range - $0 to $2,210/Room

As in most San Francisco neighborhoods, building condition or maintenance seemed to have little relation to the assessed values of the ten surveyed structures, which ranged from $2500 to $7525. Lot assessments depended both on the land area and on factors related to potential future investment, such as zoning. Values assigned to the improvements on the lots were based on the size of the structure and on possible income derived from the property.

The amount of equity accrued by the owners of the ten properties was high; none would be ineligible for FACE loans because of overencumbrances. Three of the four owner occupants had no outstanding debts on their properties. Four of the six absentee owners also had clear titles, while the other two had outstanding loan balances of $600 and $29,000.

One owner was not available for the financial interview; another was not questioned, because his building had no code violations. Of the eight interviewed, seven were eligible for FACE loans, which would more than cover estimated repair costs. The eighth owner would probably be eligible for a combination of a loan, a $3000 grant and refinancing up to the maximum of $14,500 allowed for a single-family structure.

Table 5 reports the categories of violations found in the ten buildings surveyed. The most frequently needed repairs -- of electrical systems, interiors, plumbing and exteriors -- illustrate the character of many houses in Bernal Heights, which were not substantial structures and which have not always been adequately maintained. The violations cited least frequently or not at all, such as egress, parking and fire prevention, relate primarily to regulations enforced in apartment houses.

TABLE 5
CODE VIOLATIONS CITED IN THE 1968 BERNAL HEIGHTS SURVEY

		#	%
1.	Electrical work	17	15%
2.	Interior - paint, carpet, wall repair	14	14%
3.	Plumbing repairs	11	10%
4.	Exterior - paint, trim, roof, wall repair	11	10%
5.	Handrails	8	7%
6.	Windows, ventilation	8	7%
7.	Gas, heating, vents	7	6%
8.	Flues, chimneys	7	6%
9.	Sidewalk repair	6	5%
10.	Foundation repair	6	5%
11.	Rat-proofing	4	3%
12.	Fire prevention	3	3%
13.	Yard, fence, retaining walls	3	3%
14.	Kitchen	3	3%
15.	Egress	2	2%
16.	Rubbish, garbage, debris	1	1%
17.	Illegal occupancy	0	0
18.	Parking	0	0
19.	Misc.	0	0
		111	100%

Table 6 illustrates a significant difference in the costs of code compliance for owner occupied and absentee-owned properties: Only 25% of the owner occupied units would cost less than $1500 to bring into compliance, while 84% of the income-property units would cost less than $1500 to repair.

TABLE 6
REPAIR COST PER UNIT - 1968 BERNAL HEIGHTS SURVEY COMPARISON BETWEEN OWNER-OCCUPIED AND INCOME PROPERTY

	Owner-Occ.			Income Property		
$/Unit	# Units	%	Cum. %	# Units	%	Cum. %
0-500	1	25%	25%	0	0	0
501-1000	-	-	25%	4	31%	31%
1001-1500	-	-	25%	7	53%	84%
1501-2000	-	-	25%	0	0	84%
2001-3000	-	-	25%	0	0	84%
3001-6000	2	50%	75%	0	0	84%
6001-9000	-	-	75%	2	16%	100%
9001 +	1	25%	100%	0	0	100%
	4	100%		13	100%	

II. THE SCHAAF/MOSIAS STUDY

The 1960 Schaaf/Mosias Report estimated the feasibility of rehabilitation in four neighborhoods, Excelsior, Richmond, Haight-Ashbury and Bernal Heights. Before those estimates can be used to justify FACE in Bernal Heights, an investigation of the validity of the report is necessary.

The survey of the Richmond district was used to help justify designation of a section of that neighborhood as the Arguello Park FACE project. After twenty months of experience in that project, a comparison is possible between the actual cost of code enforcement in Arguello and the costs projected by the Schaaf/Mosias study.

The 1960 study estimated both "minimum code compliance" and "extended life rehabilitation". Because of increased stringency in minimum codes adopted in San Francisco since 1960, the projections for "extended life" costs were used for comparison and were updated to 1968 using the Boeckh Index of Dwelling Unit Construction Costs.

TABLE 7
COMPARISON OF SCHAAF/MOSIAS STUDY WITH
EXPERIENCE IN ARGUELLO PARK FACE AREA, 1968 DOLLARS

	S/M-Richmond	Arg. Park-FACE
Average/Bldg.	$2743	$2667
Range	$183 to $11,907	$0 to $10,000
Average/Unit	$1503	$1188
Range	$51 to $10,480	$0 to $10,000

Examination of Table 7 indicates that the 1960 estimates of cost per building correspond closely with present experience, although the range of costs is slightly more narrow within the FACE project. The actual cost per unit is higher, but the Schaaf/Mosias study included a larger proportion of multi-unit buildings and therfore had a smaller average cost per unit. The overall close correspondance between Schaaf/Mosias estimates and current experience tends to confirm the validity of their survey in the Richmond district.

Table 8 compares the 1960 Schaaf/Mosias estimates for thirty-two buildings within the proposed Bernal Heights FACE area with the estimates derived from the 1968 ten-building survey within the same boundaries. The average costs correspond almost exactly, although the Schaaf/Mosias study costs are slightly higher because the figures are averaged from a wider range. The 1960 study may be more representative of the proposed FACE neighborhood (Table 9), in which 92% of the residential and mixed structures have one or two dwellings, and the buildings average 1.4 units each.

TABLE 8
COMPARISON OF SCHAAF/MOSIAS STUDY WITH 1968 BERNAL HEIGHTS SURVEY, 1968 DOLLARS

	1960 S/M-B.Hts.	1968-B.Hts.
Repair Cost/Bldg.		
Average	$5170	$4672
Median	$3227	$3750
Range	$0 to $33,724	$0 to $11,050
Repair Cost/Unit		
Average	$2825	$2748
Median	$2588	$1108
Range	$0 to $16,862	$0 to $11,050
Repair Cost/Room		
Average	$589	$563
Median	$390	$235
Range	$0 to $3066	$0 to $2210
Average Replacement Cost	$25,145	$39,000

TABLE 9
STRUCTURAL COMPOSITION OF SURVEYED BUILDINGS

	1960 S/M-B.Hts.	1968 B.Hts.
Total Buildings	32	10
Average units/bldg.	1.5	1.7
Average rooms/unit	4.8	4.9
% 1-2 unit bldgs.	97%	80%

III. CONCLUSIONS

Rehabilitation to code standards is considered a sound, or economic, investment if increased expenditure for repairs results in a proportionately increased return. Absentee owners usually estimate their potential return from a rehabilitated structure by judging the amount of increased rental income such repairs would justify. Home-owners usually measure the feasibility of investment in code-required repairs by the potential increase in value, or market price, of their house. Judged by either of these standards, increased rental income or higher market value, rehabilitation to San Francisco code standards is feasible in Bernal Heights.

HUD officials thought that a survey might reveal a high proportion of buildings deteriorated enough to make demolition the only practical choice for Bernal Heights property owners. However, both the 1968 and the 1960 surveys indicated that although code compliance costs might be relatively high, compared to present FACE areas, repair work would be a sound investment in the vast majority of cases.

HUD officials also wondered if Bernal Heights property owners would be ineligible for loans because of insufficient equity. The 1968 survey showed that all owners interviewed would be eligible, and more than half had no outstanding debts on their properties.

Another factor possibly overlooked by HUD is the non-economic element of the neighborhood beautification and stabilization initiated by FACE. Many home-owners have an attachment to their houses and will invest money for code repairs, even though their investment might not meet any criteria for proportionately-increased value. Their home improvement expenditures might seem irrational to an economist, but visible signs of comprehensive improvement often provide them with emotional impetus far stronger than financial considerations.

CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS
NOVEMBER, 1968

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    S. Myron Tatarian, Director
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Inspections and interviews were conducted by the following:

    Bureau of Building Inspection: Building, Plumbing and Electrical Inspectors
    Real Estate Department: Real Property Loan Officers

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